



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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INVESTORS ELIGIBLE FOR RESTITUTION FROM D. H. BLAIR BROKERAGE FIRM

PHOENIX, AZ/June 22, 1999- The Commission announced today that investors in Arizona are eligible for a share of a \$2.25 million restitution fund set up by D. H. Blair & Co., Inc., a New York based brokerage firm with a lengthy regulatory history.

Under an Order issued by the Commission, Arizona customers of D. H. Blair will be contacted by the brokerage firm and told how to file a claim. In order to be eligible for a pro-rata share of the fund, investors must make a complaint based on trades executed between January 1, 1996 and June 30, 1998 that they believe were inappropriate. Under the terms of the agreement, the claims will be submitted to an expedited mediation/arbitration process conducted by the regulatory arm of the National Association of Securities Dealers (NASDR).

The settlement with D. H. Blair was reached by a multi-state task force of state securities regulators which had investigated alleged sales practice violations committed by the firm. The Commission's Order finds that Blair violated the fraud provisions of the Securities Act of Arizona by improperly pricing securities and failing to make adequate disclosures resulting in misleading statements in connection with the sales of those securities.

"This settlement will give investors the opportunity to get back at least some of the money they lost because of D. H. Blair's conduct," said Mark Sendrow, Director of Securities. Commission Chairman Carl Kunasek stated, "All too often in cases like this investors receive nothing, so we think this settlement is positive for the investors involved. The NASDR mediation/arbitration forum should provide investors with the opportunity for a speedy and fair resolution of their claims."

D. H. Blair has a lengthy regulatory history. In August 1997, the firm was censured and fined \$2 million by the NASDR. As part of its agreement with the NASDR, the firm agreed to pay restitution to retail customers for alleged markups in connection with several public offerings. In February 1997, D. H. Blair was censured by the New York Stock Exchange (NYSE) and fined \$250,000. In April of this year, the firm ceased retail operations. The restitution fund established under the agreement with state securities regulators is unrelated to the NASDR and NYSE actions.

In comments on the case, Commissioner Jim Irvin noted, "The Commission is committed to protecting Arizona investors by ensuring that securities dealers comply with the requirements of the Arizona Securities Act." The newest Commissioner, Bill Mundell, also emphasized that, "the Commission intends to see that dealers meet their obligation to charge fair prices for securities and make full and fair disclosures to their customers."

Any persons with questions concerning the restitution fund or the mediation/arbitration process can call Matthew Neubert at (602) 542-0605 or Dion McClellan at (602) 542-0615.